

Message Text

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60

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

LAB-04 SIL-01 JUSE-00 L-03 H-02 PA-01 PRS-01 FTC-01

AGR-05 /103 W

----- 020577

R 181820Z FEB 76

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 2416

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY PARAMARIBO

AMEMBASSY PORT OF SPAIN

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E.O. 11652: N/A

TAGS: EINV, EAGR, GY

SUBJECT: NATIONALIZATION OF BOOKERS

REF: GEORGETOWN 0325

1. ANNOUNCEMENT OF IMPENDING NATIONALIZATION OF BRITISH-OWNED BOOKER MCCONNELL ASSETS IN GUYANA WAS MADE SATURDAY FEBRUARY 14 AS ANTICIPATED. GOG ANNOUNCEMENT AID DISCUSSIONS WILL BEGIN QUOTE SHORTLY UNQUOTE FOR ACQUISITION OF ENTIRE BOOKERS HOLDINGS. THIS INCLUDES BESIDES SUGAR ESTATES AND FACTORIES, COUNTRY'S LARGEST DEPARTMENT STORE AND IMPORT HOUSE, DRUG COMPANY, SUGAR TERMINAL, AS WELL AS FIRMS ENGAGED IN SHRIMPING, BALATA COLLECTING PRINTING, STOCKFEEDS, LIQUOR DISTILLING, CATTLE RAISING, DAIRY, INSURANCE AND GENERAL INVESTMENT. BOOKERS EMPLOYS OVER 20,000

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PERSONS IN GUYANA COMPARED TO ABOUT 35,000 EMPLOYEES IN TOTAL

WORLDWIDE OPERATIONS. WE UNDERSTAND THAT THE COMPANY'S GUYANA HOLDINGS CONSTITUTE ABOUT THIRTY-SEVENPERCENT OF ITS TOTAL ASSETS, I.E. AN INVESTMENT HERE OF OVER US DOLS 60 MILLION. BOOKERS IS ONLY REMAINING LARGE FOREIGN INVESTMENT IN GUYANA, WORTH FAR MORE THAN ALL THE OTHERS PUT TOGETHER.

2. RATHER MILD TONE OF GOG ANNOUNCEMENT GIVES SUPPORT TO SPECULATION THAT GOG WOULD RATHER HAVE DELAYED TAKEOVER TALKS AND CONTINUED INSTEAD WITH CONFISCATORY LEVY. BOOKERS, HOWEVER, CONFRONTED PM BURNHAM WITH FISH OR CUT BAIT DEMAND, AND THUS GOG'S RELUCTANT DECISION WAS TAKEN AND ANNOUNCED WITHIN A FEW DAYS. ONE RELIABLE COMPANY SOURCE TOLD EMBOFF THAT DISCUSSIONS WILL BEGIN NO LATER THAN MID-MARCH, AND CONFIRMED EARLIER REPORT THAT GOG WISHES TO

SET VESTING OF COMPANY FOR MAY 26 (INDEPENDENCE DAY).

3. FROM EARLY PRESS ITEMS AND OPINIONS OF INDUSTRY OFFICIALS, GOG WILL TRY TO RETAIN ALL BOOKERS KEY PERSONNEL, INCLUDING EXPATRIATES IF POSSIBLE. CUBANS, IT IS RUMORED, HAVE INDICATED THEY DO NOT WANT TO HAVE THE EXPERTISE TO ASSIST MEANINGFULLY IN TYPE OF SUGAR CULTIVATION PECULIAR TO GUYANA. ONE SOURCE SAID CUBANS SUGGESTED GOG KEEP BOOKERS ON MANAGEMENT CONTRACT FOR BOTH FIELD AND FACTORY OPERATIONS, AND FOR MARKETING. CUBANS WE UNDERSTAND HAVE CLOSE COMMERCIAL TIES WITH BOOKER MCCONNELL IN UK BY VIRTUE OF BOOKER'S SUGAR FACTORY EQUIPMENT SALES TO THEM.

4. KEY QUESTION NOW REMAINING IS HOW GOG WILL BE ABLE TO COMPENSATE BOOKER MCCONNELL ADEQUATELY. BY FORCING GOG INTO POSITION OF NATIONALIZATION SOONER RATHER THAN LATER, COMPANY MAINTAINS SLIGHTLY STRONGER NEGOTIATING POSITION. GOG'S MANAGERIAL LABOR FORCE IS SPREAD SO THIN AT PRESENT IT CANNOT LAUNCH SEVERAL OF ITS HIGHER PRIORITY DEVELOPMENT PROJECTS. FOR THE NEXT YEAR, AT MINIMUM, IT WILL NEED ALL OF PRESENT COMPANY STAFF TO MAINTAIN OPERATIONS. MANY OF BOOKERS PERSONNEL HAVE LONG-STANDING TENURE AND ARE AS LOYAL TO COMPANY AS THEY ARE TO GUYANA, ESPECIALLY THOSE MIDDLE-CLASS WHITE-COLLAR WORKERS AND EXECUTIVES WHO ARE NOT PARTICULARLY ENAMORED OF THE MARXIST-LENINIST-COOPERATIVE SOCIALISM ETHIC.
KREBS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ASSETS, NATIONALIZATION, INVESTMENTS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976GEORGE00343
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760063-0115
From: GEORGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760240/aaaabjaa.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 GEORGETOWN 325
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2004 by ellisoob>; APPROVED <01 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATIONALIZATION OF BOOKERS
TAGS: EINV, EAGR, GY, BOOKER MCCONNELL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006